



November 8, 2011

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
c/o Ms. Jennifer J. Johnson, Secretary  
20th Street and Constitution Avenue NW  
Washington DC 20551

**RESPONSE-PUBLIC COMMENT REQUEST DKT No. R-1433 & RIN No. 7100 AD 83**

Dear Ms. Johnson:

Thank you for requesting public comment on proposed amendments to Regulation D, Reserve Requirements of Depository Institutions. As stated in the request, "the proposed amendments are designed to reduce the administrative/operational costs associated with reserve requirements for both depository institutions and the Federal Reserve."

We believe the Federal Reserve should take this opportunity to make one simple, significant, additional change in Regulation D, which will greatly improve financial account management for the American consumer.

Specific reference is to §204.2(d)(1) in defining *Savings Deposits*. In this section Regulation D limits the number of "convenient" transfers and withdrawals from savings accounts to not more than six per month. According to Section 19 of the Federal Reserve Act, the Board must maintain the capacity to distinguish between transaction accounts and savings deposits for the purpose of imposing reserve requirements. This limitation on convenient transfers and withdrawals has existed, in one form or another, since 1982.

With the advancement of technology, the ability for consumers to make payments and transfers online (internet), via telephonic means (phone calls and touch tone voice units), at point-of-sale terminals and through the Automated Clearing House (ACH) has become widely available. The increased use of these electronic convenience channels has enabled financial institutions to maintain lower costs for delivery of financial services to consumers. The current Regulation D "convenient transfer" limitation unnecessarily restricts consumers from being able to easily access their own funds for their own use. Regulation D imposes an undue compliance burden and unnecessary financial costs on both institutions and consumers alike.

The current Regulation D recognizes that transactions at ATMs are generally transfers among the depositor's own accounts and does not impose any convenience limitations on ATM transactions. Likewise, preauthorized transfers from a consumer's savings account to the consumer's loan account are not limited in any fashion.

Applying this same principle, the Board should consider removing the limitations on internal transfers (payments and deposits) made by consumers among their own accounts within the same financial institution. Transfers or payments to third parties would still be restricted and included within the limited transactions rule. The unnecessary burden of tracking how transfers by consumers are performed between and among their own accounts would be eliminated.

**Please consider this minor, yet most appropriate consumer benefit to further reduce the administrative and operational costs associated with reserve requirements and to remove the unnecessary limitation of convenient consumer access to their funds.** The majority of consumers do not understand 'why' this restriction exists and it causes great confusion for them.

Thank you again for listening to my concerns and for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Patricia E. Smith".

Patricia E. Smith  
President/CEO